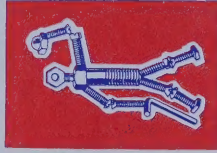


Interim Report to Shareholders

for six months ended June 30, 1970

*Sue*

AUTOMOTIVE HARDWARE LIMITED
and Subsidiary Companies

TO THE SHAREHOLDERS
OF AUTOMOTIVE HARDWARE LIMITED:

It is my pleasure to report to you encouraging and profitable results for the period ended June 30, 1970.

During the second quarter ended June 30, 1970, the sales were \$4,214,107, compared to \$3,812,134 for the first quarter of 1970, an increase of 10.5%.

Similarly, the sales for the six month period ended June 30, 1970 amounted to \$8,026,241, compared to \$7,439,537 for the same period in 1969, an increase of 8%.

Net earnings for the second quarter of 1970 amounted to 31.5¢ per share outstanding compared to 23.5¢ per share outstanding for the first quarter of 1970, and for the 6 month period ended June 30, 1970 net earnings were 55¢ per share outstanding, increased from 47¢ per share outstanding for the same period of 1969.

It is expected that the growth in sales and earnings experienced to date this year will continue for the balance of 1970.

Toronto, Ontario
August 24, 1970.

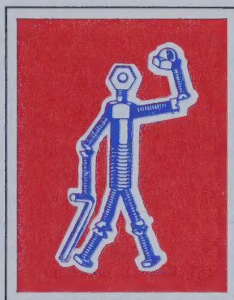
Irwin Goldhart,
President

AUTOMOTIVE HARDWARE LIMITED and Subsidiary Companies
Comparative Consolidated Statement of Earnings (Unaudited)

For the Six Months Ended June 30

	1970	1969
Sales	\$8,026,241	\$7,439,537
Cost of Goods Sold and Operating Expenses	6,563,097	6,268,325
Exclusive of Items Shown Below	\$1,463,144	\$1,171,212
Depreciation	\$241,986	\$210,663
Interest on Long Term Debt	152,774	56,777
Amortization of Debenture Discount	3,000	—
Earnings Before Income Taxes and Minority Interest	\$ 397,760	\$ 267,440
Income Taxes Payable	\$1,065,384	\$ 903,772
Income Tax Deferral Adjustment	\$582,661	\$501,394
Income Taxes Applicable to Period	15,589	23,564
Minority Interest	567,072	477,830
Profit on Disposal of Machinery	\$ 498,312	\$ 425,942
	—	6,610
Net Earnings for Period	\$ 498,312	\$ 419,332
	—	6,758
Per Share Earnings for Period (Based on 900,000 Shares Outstanding on June 30)	\$ 498,312	\$ 426,090
	\$ 0.55	\$ 0.47
Comparative Consolidated Statement of Source and Application of Funds (Unaudited)		
For the Six Months Ended June 30		
	1970	1969
Source of Funds:		
Net Earnings	\$498,312	\$426,090
Depreciation	241,986	210,663
Amortization of Debenture Discount	3,000	—
	\$743,298	\$636,753
Lien Balance on New Equipment	195,557	5,558
Principal Repayments on Mortgage Receivable	4,231	6,610
Increase in Minority Interest	—	—
	\$ 943,086	\$ 648,921
Application of Funds:		
Purchase of and Deposits on Fixed Assets (Net)	\$481,971	\$159,820
Reduction of Long Term Debt	131,636	114,933
Income Tax Deferral Adjustment	15,589	23,564
Dividend Declared	54,000	—
	\$ 683,196	\$ 298,317
Net Increase in Working Capital	\$ 259,890	\$ 350,604
Working Capital January 1	6,712,893	2,491,431
Working Capital June 30	\$6,972,783	\$2,842,035

AUTOMOTIVE HARDWARE LIMITED



INFORMATION CIRCULAR AS AT MAY 7, 1970

Solicitation of Proxies

The information circular is furnished in connection with the solicitation by the management of Automotive Hardware Limited of proxies to be used at the annual general meeting of shareholders of the Company to be held at the time and place and for the purposes set forth in the enclosed notice of meeting. The solicitation will be by mail.

Appointment and Revocation of Proxies

The person named in the enclosed form of proxy is a director of the Company. A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON TO REPRESENT HIM AT THE MEETING MAY DO SO either by inserting such person's name in the blank space provided in the form of proxy or by completing another proper form of proxy and, in either case, delivering the completed proxy to the Secretary of the Company.

A shareholder who has given a proxy may revoke it either (a) by signing a proxy bearing a later date and delivering it to the Secretary of the Company, or (b) as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy, by signing written notice of revocation and delivering it to the Secretary of the Company or the Chairman of the meeting.

Exercise of Discretion by Proxies

The persons named in the enclosed form of proxy will vote the shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. IN THE ABSENCE OF SUCH DIRECTION, SUCH SHARES WILL BE VOTED FOR THE APPROVAL OF THE DIRECTORS' REPORT AND FINANCIAL STATEMENTS, FOR THE ELECTION OF DIRECTORS, AND THE APPOINTMENT OF AUDITORS, AS STATED UNDER THOSE HEADINGS IN THIS CIRCULAR. The enclosed form of proxy confers discretionary authority upon the person named therein with respect to amendments or variations to matters identified in the notice of meeting, and with respect to other matters which may properly come before the meeting. At the time of printing this circular the management of the Company knows of no such amendment, variations or other matters to come before the meeting other than the matters referred to in the notice of meeting.

Voting Shares

On May 7, 1970, the Company had outstanding 600,000 Class B participating shares and 300,000 common shares all without nominal or par value, each carrying the right to one vote per share. The directors and senior officers of the Company do not know of any person or company beneficially owning, directly or indirectly, shares carrying more than 10% of the voting rights attached to all shares of the Company, other than Irwin Goldhart who owns 600,000 Class B participating shares (66⅔%) and 100 common shares.

Holders of the shares of the Company of record at the time of the meeting will be entitled to vote at such meeting.

Election of Directors

The board of directors consists of six directors to be elected annually. The person named in the enclosed form of proxy intends to vote for the election of the nominees whose names are set out below, all of whom are now members of the board of directors and have been since the dates indicated. The management does not contemplate that any of the nominees will be unable to serve as a director, but, if that should occur for any reason prior to the meeting, the person named in the enclosed form of proxy reserves the right to vote for another nominee in his discretion. Each director elected will hold office until the next annual meeting and until his successor is duly elected, unless his office is earlier vacated in accordance with the by-laws.

The following table and notes thereto state the names of all the persons proposed to be nominated for election as directors, all other positions and offices with the Company now held by them, their principal occupations or employments, the year in which they became directors of the Company, and the approximate number of shares of the Company held directly or indirectly by each of them as of May 7, 1970:

Name	Became Director	Number of Shares Owned Beneficially
IRWIN GOLDHART President of Automotive Hardware Limited	1944	600,100
FRANCES A. REID, B.A.Sc. Vice-President of Automotive Hardware Limited	1963	1,425
GOLDIE POTASHIN Secretary-Treasurer of Automotive Hardware Limited	1944	1,200
SIDNEY GOLDHART Vice-President of Docap Manufacturing Company Limited	1969	2,200
HARRY L. MENDELSON, Q.C. Vice-President of Automotive Hardware Limited Senior Partner of Mendelson, Beatty and Wood, Barristers and Solicitors	1957	500
ROSS M. HANBURY Director of Wood Gundy Securities Limited	1969	2,000

Notes: (a) The information as to shares beneficially owned, not being within the knowledge of the Company, has been furnished by the respective directors individually;

(b) The above includes shares, if any, owned by family members residing with the nominee.

Remuneration of Directors and Senior Officers

- (1) The aggregate direct remuneration paid by the Company and its subsidiaries in 1969 to the directors and senior officers of the Company, seven in number \$219,986
- (2) Aggregate cost in 1969 under its employee pension plan on behalf of these directors and senior officers \$ 10,562
- (3) In 1969, four directors and senior officers were granted an option under the company's employees' option plan to purchase a total of 10,000 common shares at \$11.28 per share. To date none of such options was exercised.
- (4) The Company has paid legal fees to Messrs. Mendelson, Beatty & Wood, of which H. L. Mendelson, Q.C., is the senior partner.

Interest of Management in Material Transactions

The Company entered into a 10 year lease with Irwin Goldhart the president, for a 23,800 square foot warehouse in Vancouver at an annual rent of \$31,833.

In 1969 the Company contracted to employ Irwin Goldhart at an annual salary of \$60,000.

Appointment of Auditors

The person named in the enclosed form of proxy intends to vote for the re-appointment of Messrs. Miller, Stone, Saperia and Isaacs, Chartered Accountants, Toronto, as auditors of the Company, to hold office until the next annual meeting of shareholders. Messrs. Miller, Stone, Saperia and Isaacs have been auditors of the Company for more than five years.

